UNITED NATIONS DEVELOPMENT PROGRAMME

UNDP

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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF THE GOVERNMENT OF PAKISTAN

Programming of the Development of the Capital Goods Industry (PAK/76/003)

Report of the Administrator*

Date of present approval:	April 1979
Starting date of project activities:	July 1979 (Planned)
Planned completion date:	July 1981
To be executed by:	United Nations Industrial Development Organization (UNIDO)
Estimated cost of assistance planned under present approval:	$266 000
Source of UNDP financing:	Indicative Planning Figure (IPF)

I. Background

1. With the expansion of Pakistan's industrial base, the demand for machinery and equipment has grown at an increasingly accelerated pace.

2. The development of Pakistan capital goods industry started in the early 1950's and gained momentum between 1960 and 1970. The production covered a rather varied set of individual machines, which include machine tools, pumps, diesel engines, railway equipment, agricultural machinery, etc. The major centers for such development were Lahore and Karachi. However, this development was not based on a coordinated plan, resulting in a scattered production of machinery with inadequate technology know-how and design and improper standardization of raw materials.

3. The Investment Promotion Bureau (IPB) is the liaison and planning point for the Government's policy-making organs and for executive bodies of the manufacturing industry. UNIDO has designed the present project to assist the Government in

*In accordance with General Assembly resolution 2688 (XXV) and subsequent authorizations of the UNDP Governing Council, reports are issued seriatim on the approval of UNDP assistance of $250,000 or more (including, if any, assistance financed by Government or by third-party cost sharing).

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carrying out the tasks of planning, co-ordinating and supporting the long-term development of the capital goods subsector.

II. Objectives and activities

4. The immediate objectives of the project, to be implemented in close and direct cooperation with the National Counterpart Organization, are to: (a) define product-group priorities within the capital goods sector and from these evolve a coherent sectoral development plan: (b) establish the investment programmes needed to fulfil the development plan and estimate the labour requirements over the next decade to meet this development plan: (c) define instruments of economic policy needed to stimulate and promote the planned expansion: and (d) propose institutional mechanisms necessary for implementation of the plan.

III. Inputs

5. Under the assistance now approved UNDP will provide the services of one industrial economist and planner/chief technical adviser and specialized consultants. UNDP will also finance international fellowships for engineers, economists and financial analysts, and computer programmes.

6. To carry out the activities for which assistance is now approved, the Government will make available land, buildings and equipment, as well as national personnel.

IV. Financial data

7. The expenditure components of the planned assistance are as follows:

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Personnel	230 700
Training	26 400
Equipment	8 000
Miscellaneous	900
	266 000

8. The estimated total value, expressed in US dollars, of the inputs provided directly by the Government to the project is $60,600 in kind.

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